

## LEASE MODIFICATION

LEASE # 26807

1254884-000

**THIS AGREEMENT**, Made and entered into this 9th day of January, 2009, by and between Robert M. Hughes, a married man dealing in his sole right, whose address is 410 Aurora Street, Marietta, OH 45750, parties of the first part, hereinafter called "Lessors", and **CHESAPEAKE APPALACHIA, LLC**, an Oklahoma limited liability company, the surviving entity of the merger with Columbia Natural Resources, LLC (formerly known as Columbia Natural Resources, Inc.) of 900 Pennsylvania Avenue, Charleston, West Virginia 25302, party of the second part, hereinafter called "Sublessee" as acknowledged and agreed by Columbia Gas Transmission Corporation, hereinafter called "Sublessor";

**WITNESSETH:**

**THAT WHEREAS**, by agreement dated September 18, 1962, Wilbur Whipkey et al granted to The Manufacturers Light and Heat Company, predecessor in title to Sublessor, as lessee thereunder, an oil and gas lease covering a tract of land containing 81 acres, more or less, situated in Liberty District, Marshall County, West Virginia, and recorded in the Clerk of the County Commission in Book 360 at Page 234; and

**WHEREAS**, said agreement dated September 18, 1962, was modified by agreement dated September 18, 1962 by Wilbur Whipkey and The Manufacturer's Light and Heat Company, predecessor in title to Columbia Gas Transmission Corporation, to provide for the production and storage of natural gas, and recorded in the Clerk of the County Commission of Marshall County in Book 360 at Page 276, hereinafter the "Lease" as modified; and

**WHEREAS**, by sublease agreement dated September 2, 2004 and recorded in the Offices of the Clerks of the County Commission of Marshall and Wetzel Counties, West Virginia in Deed Book 642, at page 281 and Book 84-A, at page 129, respectively, Columbia Gas Transmission Corporation granted to Columbia Natural Resources, LLC (predecessor in title to Chesapeake Appalachia, L.L.C.), all rights necessary for the PRODUCTION OF OIL AND GAS in all formations EXCEPT the interval from 250 feet above the top of the Greenbrier Limestone (inclusive of all Maxon sands) to 50 feet below the base of the Pocono Big Injun formation being reserved or operated for storage, hereinafter the "Sublease" and which Sublease has been modified and amended by that certain agreement dated June 1, 2007, and effected as stated therein (the "Sublease Agreement");

**WHEREAS**, Lessors are now the owners of the oil and gas rights underlying the land covered by said Lease that is situated in Liberty District, Marshall County, West Virginia; and

**WHEREAS**, Lessors and Sublessee, for their mutual benefit, with consent of Sublessor, desire to amend and modify said Lease agreement in order to facilitate the formation of drilling units.

**NOW THEREFORE**, in consideration of the premises and the sum of One Dollar (\$1.00) paid by the Sublessee to Lessors, the receipt of which is hereby acknowledged, and of the covenants hereinafter contained, Lessors and Sublessee hereby supplement and modify to said Lease as follows, to-wit:

**DELAY IN MARKETING:** In the event that Sublessee does not market producible gas, oil, or their constituents from the Leasehold, or lands pooled/unitized therewith, Sublessee may continue to pay Delay Rental at the rate of Five Dollars (\$5.00) per acre annually until such time as marketing is established, or until the end of the Sublease term, as is relates to the acreage described herein, if marketing is not established by that time.

**UNITIZATION:** Lessors grant Sublessee the right to pool, unitize, or combine all or any part of the Leasehold with any other land, leased or unleased, whether owned by Sublessee or others, to create drilling or production units either by contract right or pursuant to governmental authorization. In the event of the unitization of the whole or any part of the Leasehold, Sublessee shall, either before or after the completion of a well, record a copy of its unit operation designation in the county in which the Leasehold is located. Sublessee is granted the right to change the size, shape, and conditions of operation of any unit created, without the consent of the Lessors. As to such a unit, Lessors agree to accept and receive out of the production and proceeds from the production of such unit, such proportional share of the royalty from each unit well as the number of acres in the Leasehold which may be included from time to time in the unit bears to the total number of acres in the unit. Otherwise, the drilling operations for drilling or any operations in preparation for drilling, or any production from a well on such a unit shall have the same effect upon the terms of this Lease, as amended and modified hereby, as if the operations or well were on the Leasehold itself, except for the FREE GAS clause, of which the Lessor acknowledges is hereby expressly released and terminated by this Lease Modification.

**SHUT IN:** In the event that production of oil, gas, or their constituents is interrupted and not marketed for a period of six months, and there is no production well on the Leasehold, or lands pooled/unitized therewith, Sublessee may thereafter, as Royalty for constructive production, pay a Shut-in Royalty equal in amount and frequency to the Delay Rental until such time as production is re-established and said payment shall maintain the above-referenced lease and modification in full force and effect to the same extent as payment of Royalty. During Shut-in, Sublessee shall have the right to rework, stimulate, or deepen any well on the Leasehold or drill a new well on the Leasehold in an effort to re-establish production, whether from an original producing formation or from a different formation. In the event that the production from the only producing well on the Leasehold is interrupted for a period of less than six months, the above-referenced Lease and Modification shall remain in full force and effect without payment of Royalty or Shut-in Royalty.

**SUBLESSEE** shall have the right to perform geophysical studies through the use of seismic research and other means and methods not restricted to current technology.

